

Military Housing Privatization Legislative Authorities Overview



**Major Gary Singler
HQ AF/ILEIP
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Overview

- Privatization Approach
- Legislative Authorities
- Financial Contribution



Non-traditional Approach

- **Private Capital, Expertise, Creativity**
- **Private Financing, Ownership, Management**
- **Private Sector Construction Practices**
- **Housing Comparable to the Market**
- **Minimal Government Contribution or
Management Participation**



Military Housing Privatization Initiative

- **Flexible: A toolbox of Innovative Housing Development Techniques**
- **Broad:**
 - **Applies to all Military Services**
 - **May be Used On-base or Off-base**
 - **Applies to Family and Unaccompanied Personnel Housing**
- **Powerful: Faster Product Delivery**



Legislative Authorities (The Toolbox)

- **Real Estate Tools:** **Conveyance or Lease**
- **Financial Tools:** **Direct Loans, Loan
Guarantees, Rent Subsidies**
- **Investment Tools:** **Acquisition of Limited
Partnership Interest, Stocks,
Bonds**



Direct Loans (Section 2873)

- **Loans to Developer to Construct or Acquire Housing for Military Use**
- **Allows Market and Below Market First and Second Loans**
- **Under Terms the Air Force Considers Appropriate**



Loan Guarantees (Section 2873)

- **For Acquisition of Military Housing**
- **Maximum Amount is: Lessor of**
 - **80% Project Value**
 - **Outstanding Principal of Loan**
- **Air Force Establishes Terms and Conditions**



Supporting Authorities

- **Rental Payment by Allotment** (Section 2882)
- **Ancillary Support Facilities** (Section 2881)
- **Unit Size and Type** (Section 2880)



Government Financial Contribution

- **Each Authority has a Different Cost**
- **Accounts for Government's Future Obligations**
- **Appropriations Set Aside Up-Front**
- **Will Influence the Evaluation of Proposals**
 - **"Quick Score" model on project home page**

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Federal Laws to be Considered

- **National Environmental Policy Act**
- **Davis Bacon Act**
- **Competition**
- **Buy America Act**
- **Fair Housing Act**
- **Contract Work Hours and Safety Standards Act**



Fee Conveyance of Land and Facilities (Section 2878)

- **Land May be Conveyed at No Cost to the Developer**
- **Sale Proceeds Used to Construct or Rehabilitate Housing**
- **A Preference in Leasing Housing to Service Members**



Lease of Land and Facilities (Section 2878)

- **Outlease May be Long-term at Nominal Rent**
- **Terms and Conditions Considered Appropriate
by the Air Force**
- **Service Members Receive a Preference**



Differential Lease Payments (Section 2877)

- **Government Subsidizes Rent Paid to Developer when Allowances are Inadequate to Pay Market Rents**



Exemptions from Federal Law for Conveyances and Leases

- **McKinney Homeless Act Screening**
- **Fair Rental Market Consideration and Cash
Rent Value Requirement**
- **Federal Surplus Property Process**



Investments (Section 2875)

- **In “Non-governmental Entities”**
- **Limited Partnership Interest, Stock, Bond, or any Combination**
- **Government Investment Limits:**
 - **33% if Cash**
 - **45% if Land or Facilities are Included**
- **Collateral Incentive Agreements**